

Insurance for Small Business

Preparing Your Business for a Potential Disaster

Power outages, fires, and natural disasters can all disrupt your business operations. Before a disaster hits, find out how your insurance company responds to disaster claims.

What you should think about before a disaster strikes

While your insurance policy may cover you for the damage you may experience during a disaster, you can prepare yourself by reading your policy carefully and talking to your agent or broker.

Make sure you know ahead of time what your policy covers and what it doesn't. For example, earthquake and flood coverage both require separate policies. Typically, business interruption coverage requires a waiting period. This can exceed the time your business may be closed. It also may not cover income loss if your building isn't actually damaged, such as if a loss that occurs somewhere else restricts access to your business by customers and suppliers.

Ask your agent or broker about other methods to help you reduce or remove the risk of suffering a loss due to a disaster.

What you can do to reduce your risk

Make sure your agent or broker knows what your business does, what property you have, and the essential services you need to continue operations.

If you often rent or lease equipment, or if your business requires you to keep the property of others (repair shop, dry cleaning, upholstery or consignment), ask your agent or broker what coverage would provide the best protection.

Take steps to protect your property before disaster happens. Even if you have personal property insurance, you most likely won't be able to replace everything you need to continue operating.

Be sure to make a pre-loss inventory using photos or video, and file it along with your ownership or lease documents in a safe place or even off site. These records will make loss assessment and replacement much quicker and easier for you and your adjuster.

What you can do after a disaster hits

Be prepared to protect your property and keep your business open if possible. This is called Loss Mitigation, and it is typically your responsibility. Do not wait for the adjuster to tell you what to do. However, your adjuster will advise you once he or she is on the scene and can talk with you.

You should be ready to prevent further damage. Most insurers will allow for reimbursement of reasonable expenses you incur until they can inspect and approve repairs. These expenses may include items such as tarps, lumber, water pumps, drying equipment, supplies, and labor spent to temporarily repair damaged property. Know what your policy states and prepare ahead of time.

Information sources for disaster planning

Disaster Resistant Businesses – Seattle area

206-615-0288

www.seattle.gov/projectimpact

National Weather Service – warnings and watches

www.nws.noaa.gov

Institute for Business and Home Safety

www.ibhs.org

Insurance Information Institute

www.disasterinformation.org/

Washington Emergency Management Department

<http://emd.wa.gov/>

The Office of the Insurance Commissioner can help you!

If you have any questions or need additional information about your rights as an insurance consumer, call our Insurance Consumer Hotline at

1-800-562-6900

or visit our Web site at

<http://www.insurance.wa.gov/>